

The complaint

D a limited company complains NATIONAL WESTMINSTER BANK PUBLIC COMPANY LIMITED unfairly blocked its account and withheld funds.

D is represented by a director – Mr D.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points. As Mr D is aware the issues outlined in this complaint are closely related to separate complaints at this service. I will be focusing solely on the issues relevant to D and NatWest in this decision.

D held a NatWest account and on 7 October 2024 NatWest froze £143,149.80 of funds within the account. The funds were frozen following a review of the account carried out by NatWest.

Mr D raised a formal complaint about NatWest's decision to freeze funds. Mr D explained the source of funds was legitimate and highlighted the detrimental impact NatWest's actions were having on D.

In its response dated 23 October 2024 NatWest explained the following:

'Following my investigations, I acknowledge that the debits that taken place on 7 October 2024 have had an impact on your day-to-day operations and I can assure you the decision to debit the funds is not a decision taken lightly and involves several factors. To give you some context of what has taken place, we have reason to believe that these funds may have originated from a UK-designated individual and/or entity, or an entity suspected to be owned or controlled by a UK designated person, specifically A1 LLC. While A1 LLC itself is not designated, public records confirm that on 3rd May 2024, a UK court found reasonable cause to suspect that A1 LLC remains under the ownership or control of UK-designated oligarchs.

Consequently, NatWest has frozen the funds in compliance with our regulatory obligations under The Russia (Sanctions) (EU Exit) Regulations 2019. I am unable to share any further details with you and trust this provides you with enough information to understand why we have taken the action we have.'

Mr D remained unhappy and referred the complaint to this service. Mr D has explained why he disagreed with the bank's interpretation of the judgement issued and the relevant sanctions regulations. These submissions explained that the funds did not originate from a sanctioned entity and provided a detailed history of the movement of funds between various organisations. In particular Mr D explained the funds were the payment of services provided, and the money is the property of D. Mr D also explained that obtaining an OFSI licence was not an option.

An Investigator gathered the relevant evidence and in summary, made the following findings:

- NatWest has certain legal and regulatory obligations that it must adhere to, which means it can at times block an account or withhold funds. This is also reflected in the terms of D's account.
- NatWest isn't obliged to disclose further details about why it has taken the action it has.
- NatWest's concerns that D received funds from a sanctioned entity are reasonable and based on clear sanctions guidelines and court rulings.

Mr D maintained NatWest's actions were unfair. As no agreement could be reached, the case has been referred to me – an ombudsman – for a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm very aware that I've summarised the events in this complaint in far less detail than Mr D, and I've done so using my own words. No courtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr D and NatWest have said before reaching my decision.

Having done so, I've decided not to uphold this complaint. I know Mr D feels strongly about this complaint and I appreciate NatWest's actions have had an impact on D's ability to function. I'll explain why.

As Mr D is aware NatWest has a wide variety of obligations it must follow when providing accounts to customers. These obligations are ongoing and are not only relevant to when an account is opened. In D's case, NatWest reviewed D's account in line with the account terms and its internal risk and business guidelines. The review of D's account was prompted by concerns around sanctions. Sanctions can be broad and relate to countries, individuals, trade and transactions. NatWest is expected to take measures to comply with current sanctions, which means it has extensive issues it needs to be aware of and monitor. If NatWest failed to implement UK sanctions guidance effectively it can face serious repercussions.

As part of our review of D's concerns NatWest has made detailed submissions to explain why it has taken the action it has. Our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information NatWest has provided is information that we consider should be kept confidential. So although I am unable to share specific details with Mr D, I can assure him the actions NatWest has taken are in keeping with its legal duties and it has carried out a thorough review before making the decision to freeze funds.

Although a significant amount of the evidence I've relied on is confidential, NatWest has disclosed to Mr D its reasons for freezing funds. As the Investigator highlighted NatWest was acting in line with Russia (Sanctions) (EU Exit) Regulations 2019, which sets out the restrictions in place and issues banks such as NatWest need to be aware of when dealing with customer funds. This regulation forms a key part of current sanctions against Russia, and I consider NatWest's decision to rely on these regulations when reviewing D's account to be reasonable.

Alongside the regulations in place, NatWest has referenced a High Court judgement. This judgement has a direct bearing on the relationships between the various entities and individuals connected to a sanctioned entity. I won't repeat the judgement here, and I am aware Mr D is fully aware of its contents and the implications it has. The judgement reinforces NatWest's decision to freeze the funds held by D, and in my view provides further rationale for its decision to take the action it did.

Part of Mr D's concerns is that NatWest hasn't fully engaged with the points he has raised, and the evidence submitted. I have considered the timeline of events and correspondence between both D and NatWest, and I don't agree. I find that NatWest has engaged with D appropriately about the action it has taken. NatWest's records show that any evidence submitted by D has been recorded and considered to ensure the action it has taken is fair and in keeping with its legal duties.

In response to the Investigator's review Mr D explained NatWest's actions don't comply with Consumer Duty principles. I appreciate Mr D's frustration with the limited information provided about NatWest's review. Whilst Consumer Duty is an important regulatory consideration, NatWest will have to balance meeting its duties under this guidance alongside its legal and regulatory duties. In this instance, I find NatWest's has shared a reasonable amount of detail with D and taken steps to address its concerns in a clear and coherent manner. I understand its actions don't go far enough for Mr D but based on the evidence I've seen I'm satisfied its acted fairly.

Mr D has also asked for a timeframe for the funds being blocked. NatWest is unable to provide this – and given the nature of sanctions regulations and NatWest's legal duties, I can understand why a clear timeframe isn't available. NatWest has explained that D can apply for a licence from the Office of Financial Sanctions Implementation. If a license is granted NatWest would be able to review its position and possibly release the funds. I understand D is not prepared to do this and says the suggestion by NatWest shows it fails to grasp the impact on D. However, given the UK framework regarding sanctions and the circumstances surrounding the block, I consider this to be the only reasonable suggestion NatWest could provide.

I know this will not be the outcome Mr D was hoping for, and he will be disappointed with the decision I've reached. I hope it provides some clarity around why I won't be asking NatWest to take further steps.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 25 December 2025.

Chandni Green
Ombudsman